

## **High hopes, high stakes**

at

New Anti-Corruption Governments: The Challenge of Delivery

by

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It is a great pleasure to be back here in Kenya, 21 months since a new government was elected; a government elected on an anti-corruption platform after decades of corruption and misrule. On behalf of Transparency International, I would like to thank the Kenyan government for hosting this important conference, and for organising a very exciting programme for all of us, together with Transparency International Kenya.

The challenge facing new governments elected on an anti-corruption platform is immense. In the same vein, however, the gains accruing from sustainable anti-corruption reforms are equally immense. For these are changes not only aimed at curbing the leakage of government funds from vital development programmes; but in literally bringing about the liberation of entire populations from economies distorted by policies resulting from state capture and the corruption it implies.

Corruption is the main cause of poverty and underdevelopment, leading often to the fatalism and despondency to which millions may find themselves hostage. This is, unfortunately, most true here on the African continent where inequalities are most stark, where the corruption often breeds the most persistent conflicts. Indeed, our beautiful host country, Kenya, has been a victim of some of the debilitating economic distortions and political contradictions that are born out of systemic corruption.

### **A shared responsibility to act**

Weaknesses in the system of values, of institutions and rules in society invite corrupt practices. In this context a major responsibility must also be borne by developed countries and multinational corporations operating from the West. For too long, indeed until 1999, the political and commercial elites of the developed world condoned active bribery by their exporters abroad. In fact, in some countries bribes were tax deductible as a business expense.

We are encouraged by the dramatic changes that have occurred in the international arena in recent years. As a consequence of the OECD Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions in the 35 principal exporting countries, the laws have been amended to forbid foreign bribery and to stop the scandalous tax deductibility of bribes paid abroad.

Other Anti-Corruption Conventions have been concluded globally and regionally; the UN Convention against Corruption provides a powerful new capacity for effecting

mutual legal assistance between countries, in particular making it easier to facilitate the return of assets stolen by corrupt leaders. TI is also working through its national chapters and other partners on the African continent to promote ratification of the African Union Convention on Preventing and Combating Corruption, which was adopted in July 2003, and which also provides for greater co-operation on the return of stolen assets.

John Githongo, addressing the opening ceremony of the Transparency International Annual Members Meeting last week, referred to the search by Kenya's new government for assets stolen by corrupt elites and deposited in foreign bank accounts and held in other assets. The Kenyan government has already traced roughly US\$1 billion believed to have been stolen from this country.

Hence the global awareness of the impact of corruption has created a propitious climate for leaders in many parts of the world to fight corruption. We observe a promising trend that many actors in the globalised economy co-operate with each other, and major international institutions like the UN and the Bretton Woods institutions are now active partners in controlling corruption. International business and civil society organisations have joined a global coalition against corruption.

### **New Governments**

With their international flanks better protected against corruption, the potential of New Anti-Corruption Governments to attack corruption in their own nations is enhanced. However, reforming the system, changing the rules of the game, is one of the toughest jobs political leaders can face. This bitter lesson has been learned by many reform-minded governments all over the world.

The political costs of corruption manifest themselves above all in the loss of legitimacy. Public support for the regimes in place is eroded, and the trust of the citizens in their political leaders and their belief in the capacity of those in power to defend and work for the public interest are more easily destroyed than rebuilt.

At best, many people will stay on the sidelines waiting to bear witness as to whether corrupt networks and their often powerful promoters can actually be vanquished. For the corrupt carry about them the aura of power, the allure of wealth, the mystic that comes with ill-gotten gains on a scale the poor cannot properly fathom. Indecision in bringing firm sanctions to bear or implementing forceful restitution mechanisms quickly leads to deepening disillusionment on the part of the populace and a gradual but inexorable erosion of the authority of leadership.

Representatives of civil society and governments attending this conference from Georgia, Nigeria, Indonesia, Mexico and of course Kenya are acutely aware of these realities. The expectations of citizens after the arrival of the New Anti-Corruption Government are often very high, sometimes so high as to constitute a crisis of expectations that must be managed with care and precision. A population enraged by corruption is often impatient in its expectations. Failing to fulfil expectations can often lead quickly to an atmosphere of resignation, cynicism, and "realistic accommodation", which can in turn facilitate the return to authoritarian rule or a collapse of the government.

## **A decisive Anti-Corruption Strategy in Kenya**

Kenya holds a special place at Transparency International (TI). It is in Kenya that eleven years ago TI "had its cradle" as Joe Wanjui, the Chairman of TI-Kenya, pointed out in his welcoming address to our members last week. The devastating impact of corruption on the people of Kenya has been well documented and publicised. An effective coalition between all segments of society, including the powerful TI national chapter, TI-Kenya, appears to offer an ideal precondition for a successful transition - perhaps a model for Africa and globally. Our long involvement with Kenya has created both a special opportunity for change - and also a challenge for TI's own credibility.

On a personal note, I should admit that Kenya also holds a special place in my own heart. I lived and worked here for many years as East Africa Director of the World Bank. In fact, it was in Kenya that the roots of Transparency International were sown, when I saw the sheer waste of corruption, and the failure of international institutions such as the World Bank to tackle this scourge, which was ruining so many lives. The list of such destructive projects is long. My concern with two such projects in Kenya, the Turkwell Dam and the proposed Mzima Springs Water Diversion programme, was a decisive trigger for my decision to take on the anti-corruption agenda, and to leave the World Bank and launch Transparency International.

Therefore, my visits to Kenya last year created near-euphoria. The strategies that President Mwai Kibaki and his team announced in a major meeting including President James Wolfensohn of the World Bank were impressive, to say the least. The steps taken to implement this strategy - a seven-pronged strategy which John Githongo explained in his brilliant opening address to our membership meeting last week - gave every friend of Kenya reason for great hope. Major cases of corruption and fraud were addressed and are under public scrutiny. Is Kenya still on the powerful trajectory of reform? Are there decisive steps the government can take to keep the momentum and to set further signals to energise its reform programme? After more than 20 months in power, the government has convened this conference to share the lessons learned in this process.

### **The challenge of reform**

The purpose of this conference is to foster constructive dialogue on the anti-corruption strategies open to new reform-minded governments and to develop key recommendations to support their efforts. The tools developed by the TI movement over time, juxtaposed with the experiences in other, rather different countries, are a good basis for developing such recommendations.

Reforming rotten institutions, and translating political will into sustainable reform is an art in itself. Much depends on the vision as well as the skills of the political leaders to design the right sequence of reforms and on their ability to build coalitions behind the reforms. Good judgement is necessary to strike a balance between short-term and long-term goals, to prosecute corrupt actors and call to account guilty politicians without generating a political witch-hunt. Leadership skills are essential to introduce tough reforms without losing popular support or indeed international support.

There are no easy solutions or universal recipes for success, but the active participation of civil society is crucial. Unless citizens themselves take action against corruption, anti-corruption approaches are unlikely to be effective, not least because it is essential that civil society organisations monitor the implementation and impact of reform strategies.

There is a lot of hope riding on the efforts of new anti-corruption governments, not just in Kenya, but all over the continent and the globe, including in Georgia, Malaysia, and elsewhere. It is the responsibility of all actors - governments, international institutions, the private sector (domestic and international) and civil society organisations - to make sure that these efforts succeed. There is no single recipe, but any solution requires political vision and sustained political will to engage all partners in this effort against corruption.

I look forward to engaging with you all in this tremendously important debate. Corruption poses one of the gravest dangers to prosperity and development in this era of globalisation. It alienates reformers and encourages reactionaries; it exacerbates inequalities and turns poverty into a curse that can afflict generations. We are gathered here, ladies and gentlemen, to change this; we are gathered here in Nairobi to forge an alliance that will crack the global edifice of corruption.